S/037/096

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August 27, 1997

Mr. Tony Gallegos
State of Utah
Division of Oil, Gas and Mining
1594 West North Temple
P.O. Box 145801
Salt Lake City, UT 84114

Ref: E/037/096

Dear Mr. Gallegos,

The following defines the revision, I have been authorized to made, to the Notice of Intention to Commence Small Mining Operations recently filed by Ridgepoint Mining Company. Please amend the lease number and location of the mining site from ML 47323, Section 36, Township 29 South, Range 22 East, San Juan County, Utah to ML 47316, Section 36, Township 29 ½ South, Range 22 East, San Juan County.

In regards to your letter dated August 25, 1997, in which you requested a description of the physical and chemical nature of the semi-solid material to be pumped from the settling tanks to the temporary storage areas. This material is a mixture of water, sand, clay, soil and other naturally occurring minerals, which is basically mud. No chemicals or reagentants of any type are used in the Cosmos Dynamic Concentrator system or any other part of the operation, other than fuel, oil and the like for the equipment, which will be carefully controlled. The following outlines the basic operation of the system.

The basic extraction set-up will be screening of material, beginning with the testing various size mesh from 37 microns (400 mesh) and larger. The ore (screened sand/soil) is then mixed with water. The next step is processing this mixture with the Dynamic Concentrator, built by Cosmo Systems, Inc., Phoenix, AZ, which is a new concept of moving particles through still water by a sudden impulse of the deck. The feed material is introduced below the still water level which allows very fine particles to react to the motion of the deck and resists potential floating. The Dynamic Concentrator method of concentration uses an

inverted frustoconical configuration deck with riffles rising from an inner starting point spiraling to an outside final collecting ring to facilitate particle separation. A counter weighted shaft is driven by an adjustable speed motor producing an oscillating motion of the deck. Two adjustable mechanical stops determine the amplitude of the oscillation. This sudden impulse propels the higher density particles to the outer ring and displaces the less dense particles to the lower inner discharge outlet. The balance of the material will be directed to a series of three settling tanks, which will be positioned, to the south of the equipment area, spaced approximately 5' apart, using the natural grade. The water from tank #3 will be pumped back to the Dynamic Concentrator, in order to maximize water recovery. The semi-solid materials will be pumped to the temporary storage area being used at that time, from tank #1 & 2, as required. Our mining engineer estimated the daily amount of dense particles will amount to ten to twenty pounds a day. The balance of the semi-solid material will be pumped to the temporary storage area. The water contained in this material will be potable.

The following table will define total working area of each test site, the estimated size of the pit and the planned temporary storage area;

Test Site	Total Working Area	Estimated Pit Size	Temporary Storage Area
1	70' x 220'	50' x 200'	Test Site #2
2	70' x 220'	50' x 200'	Test Site #3
3	80' x 220'	60' x 200'	Test Site #4
4	80' x 220'	60' x 200'	Test Site #5
5	70' x 220'	50' x 200'	Test Site #10
6	70' x 220'	50' x 200'	Test Site #7
7	70' x 220'	50' x 200'	Test Site #8
8	80' x 220'	60' x 200'	Test Site #9
9	80' x 220'	60' x 200'	Test Site #10
10	70' x 220'	50' x 200'	Test Site #5
16	110' x 180'	90' x 160'	Test Sites 4 & 5

+1.1 ACRES

At the end of the operations, the water remaining will be drained from the tanks directly on to the ground. The drained water will be potable. It will be a combination of water and naturally occurring minerals.

It is my intent for Mr. Wilson to be the designated operator. A new signature page with the mine name and the Division small mine file number listed on the page, will be forwarded to Mr. Wilson, who will sign and forward to your attention within the next few days.

If you have any questions or comments, please contact me at you earliest possible convenience.

Thank you.

Sincerely yours,

James W. Goddard, Ph.D.

cc: Mr. Will Stokes
Mr. Malcolm Henley